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INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE PRIORITY
RUCNCIS/CIS COLLECTIVE PRIORITY

RUCNMEM/EU MEMBER STATES COLLECTIVE PRIORITY

RUEHAK/AMEMBASSY ANKARA PRIORITY 3674

RUEHBJ/AMEMBASSY BEIJING PRIORITY 1492

RUEHKO/AMEMBASSY TOKYO PRIORITY 1359

RUEHIT/AMCONSUL ISTANBUL PRIORITY 1928

RHMFIS/CDR USCENTCOM MACDILL AFB FL PRIORITY

RUEAIIA/CIA WASHDC PRIORITY

RUCPDOC/DEPT OF COMMERCE WASHDC PRIORITY

RHEBAAA/DEPT OF ENERGY WASHDC PRIORITY

RUEATRS/DEPT OF TREASURY WASHDC PRIORITY

RHEFDIA/DIA WASHDC PRIORITY

RUEKJCS/JOINT STAFF WASHDC PRIORITY

RHEHNSC/NSC WASHDC PRIORITY

RUEKJCS/SECDEF WASHDC PRIORITY

RUEHBS/USEU BRUSSELS PRIORITY

RUEHNO/USMISSION USNATO PRIORITY 1344

RUEHVEN/USMISSION USOSCE PRIORITY 2447

RUCNDT/USMISSION USUN NEW YORK PRIORITY 0767

C O N F I D E N T I A L SECTION 01 OF 03 ASHGABAT 000511

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STATE FOR E, SCA/CEN, EEB
PLEASE PASS TO USTDA DAN STEIN
ENERGY FOR EKIMOFF/THOMPSON
COMMERCE FOR HUEPER

E.O. 12958: DECL: 04/22/2018

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SUBJECT: TURKMENISTAN: U/S JEFFERY'S APRIL 21 VISIT

Classified By: CDA RICHARD E. HOAGLAND: 1.4 (B), (D)

¶11. (C) SUMMARY: Under Secretary for Economic, Energy, and Agricultural Affairs and Coordinator for International Energy Affairs Reuben Jeffery visited Ashgabat on April 21. The overall tone of the visit was decidedly positive, even though several of the meetings were head-bangingly Soviet. Although several of these senior officials seemed relatively clueless, the daily reality is certainly not grim. By building trust through working relationships, we are finding more and more officials just below the most senior level eager for real cooperation and new-think. If we persist with patience (and occasionally, a sense of humor), we will help achieve Berdimuhamedov's goal of changing the mentality of the country, which will be in our long-term interest. END SUMMARY.

PRESIDENT BERDIMUHAMEDOV

¶12. (C) During a frank, open, and cordial meeting that lasted 1.5 hours on April 21, President Berdimuhamedov told Under Secretary Jeffery he greatly values Turkmenistan's

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relationship with the United States and wants it to continue to grow. "We have a lot more work to do together, he said." He expressed pleasure with his brief meeting with President Bush during the recent NATO Summit in Bucharest. He emphasized, "We want real and reliable partners."

¶13. (C) Berdimuhamedov discussed his economic reform initiatives and development priorities. He said he's well aware of rumors that Turkmenistan is under Russia's umbrella, but he emphasized, "We make our own decisions." Asserting that Turkmenistan is now an independent country, he recalled

it was ruled by the USSR for 70 years, "when they took everything from us -- our natural gas, our cotton, even our fruits and vegetables. I recall as a boy working in the summer to load boxes of apples onto the backs of trucks that would take them off to Moscow." Returning to relations with the United States, he said he wants good relations for the long term. "You can help us change the mentality of the country. It's the young generation that will make the real difference. They need their views broadened."

¶4. (C) Berdimuhamedov made a pitch for the United States to back his "pipeline security initiative" in the United Nations, and briefly discussed various pipelines on the drawing boards. The Under Secretary strongly advocated for a role for major U.S. corporations like Chevron and ConocoPhillips to help Turkmenistan meet its development goals, not the least through training and education. Berdimuhamedov said he wants companies like those working with Turkmenistan in the Caspian, but not yet onshore. He said, "Our national experts will do it themselves onshore, although we might ask for some help through service contracts. We do not want another Bridas experience. We could consider Chevron onshore in the future, but we don't need them now. It's more urgent to get gas flowing in the Caspian." (NOTE: Natural gas issues discussed more fully septel. END NOTE.)

THE TAGIYEV AND MURADOV SHOW

¶5. (C) In a first, the Turkmen schedulers had Deputy Prime Minister for Oil and Gas Tachberdi Tagiyev and State Hydrocarbon Agency Director Bayrammurat Muradov meet Under Secretary Jeffery together, with the explanation that with

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multiple delegations in Ashgabat on the same day this was the
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only way for Jeffery to meet with both Tagiyev and Muradov. As the higher-ranked official, Tagiyev totally dominated the meeting, while Muradov looked alternately glum and annoyed.

¶6. (C) Tagiyev reverted to his vintage monosyllabic self revealing almost nothing of interest. In a classic exchange, Jeffery asked, "What challenges do you see for the hydrocarbon sector in the future?" Tagiyev answered, "None." Much of the rest of the time, when he said more than one word at a time, he reverted to Soviet-style recitation of unreliable and unconfirmed statistics. When Jeffery tried to elicit Tagiyev's views on the possibility of a Turkmenistan-Azerbaijan Caspian Sea production pipeline to get Turkmenistan's gas flowing directly to the West, Tagiyev smirked and asked, "Where's the pipeline? We're only interested up to our border."

¶7. (C) Under Secretary Jeffery noted that U.S. corporations like Chevron and ConocoPhillips can provide great technical expertise and excellent training opportunities. Tagiyev said, "We ourselves will produce onshore, although they can apply for service contracts." He couldn't help noting once again that "ExxonMobil ran away" in 1998. Jeffery noted that the expertise and transparency of Western majors could lead to excellent investment results for Turkmenistan. Tagiyev replied that Turkmenistan has adequate capital for domestic development. He recalled that not so long ago, Turkmenistan was selling its natural gas to Russia for \$18/tcm. By this July, the price will reach \$150/tcm, and by next year it will be \$300-350/tcm. Close to smirking he said, "We'll have plenty of investment money." (COMMENT: It would seem that Gazprom's newly proffered "world prices" have hardened the position of dinosaurs like Tagiyev. END COMMENT.)

DEPUTY PRIME MINISTER FOR ECONOMY AND FINANCE

¶8. (C) Under Secretary Jeffery's meeting with newly appointed Deputy Prime Minister for Economy and Finance

Hojamurat Geldimuradov was an hour of Soviet-style recitation of statistics, projects, and plans. He was well-briefed, but he seemed nervous and uncomfortable meeting with a senior Western official. When Geldimuradov noted Turkmenistan's longstanding relations with major U.S. companies like Boeing, General Electric, John Deer, and Case New Holland, Jeffery urged Turkmenistan to give serious consideration to Case New Holland's current offer to supply agricultural equipment for the next harvest.

¶9. (C) Geldimuradov recommended that the 2008 TIFA be held in Ashgabat, apparently unaware that the decision has already been made that Dushanbe will host. Throughout the meeting, MFA Americas Director Serdar Bashimov, who was notetaker for the Turkmen side, looked more than a little bemused.

DEPUTY PRIME MINISTER/FOREIGN MINISTER MEREDOV

¶10. (C) In the final meeting of the day, Jeffery met with Deputy Prime Minister/Foreign Minister Meredov. Meredov made a point of noting approvingly that Jeffery had arranged his itinerary to visit Ashgabat before Baku, and then Meredov reprised the president's points from the morning meeting. In response to his views on the status and future of the U.S.-Turkmenistan relationship, Meredov recited from memory and in considerable detail, and with evident approval, current areas of cooperation. He expressed deep gratitude for the work of the U.S. Embassy to develop the new bilateral relationship, which he said he sees getting "better and

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better." He predicted the relationship would "accelerate into new areas of cooperation." (COMMENT: Considering Meredov's recent distance and testiness, this meeting was most welcome. He was relaxed and, for him, unusually cordial. END COMMENT.)

¶11. (C) COMMENT: Visits like Under Secretary Jeffery's are essential for trust building and because they give us insight to current top-level thinking. While some of this reported above might sound grim, the daily reality is not at all grim. By building trust through day-to-day working relationships, we are finding more and more clued-in officials just below the top level eager for real cooperation. If we persist with patience and an occasional sense of humor, we will help achieve Berdimuhamedov's goal of changing the mentality of the country. END COMMENT.

¶12. (U) Under Secretary Jeffery has cleared this cable.
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